

**CITY OF MACCLENNY
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
SEPTEMBER 30, 2020**

**LYONS AND LYONS
CERTIFIED PUBLIC ACCOUNTANTS**

CITY OF MACCLENNY, FLORIDA
AUDIT REPORT
SEPTEMBER 30, 2020
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CITY OF MACCLENNY, FLORIDA
CITY OFFICIALS
SERVING AS OF SEPTEMBER 30, 2020

CITY COMMISSIONERS

Mark Bryant (Mayor)

Cecil Horne, Jr.

Danny Norton

Lynward Bones

Sam Kitching

CITY MANAGER

Phillip E. Rhoden

CITY ATTORNEY

Frank E. Maloney, Jr.

LYONS AND LYONS

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the City Commission
City of Macclenny, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Macclenny, Florida (the "City") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and other postemployment benefit information listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for presented for purpose of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



June 25, 2021
Macclenny, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the City of Macclenny, Florida's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2020. Please read it in conjunction with the City's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2019-2020.

- The City's overall net position increased by \$2,320,854 from \$13,885,598 to \$16,206,452.
- Total ending unrestricted net position increased by \$729,608 from \$4,303,029 to \$5,032,637.
- The City's notes payable increased by \$96,824, from \$143,724 to \$240,548. Bonds payable decreased by \$236,000, from \$3,982,628 to \$3,746,628.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report contains government-wide financial statements that report on the City's activities as a whole and fund financial statements that report on the City's individual funds.

Government-wide Financial Statements

The first financial statement is the Statement of Net Position. This statement includes all of the City's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenditures are recorded, regardless of when cash is received or paid. Net position – the difference between assets and liabilities – can be used to measure the City's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year. Over time, the increases or decreases in net position are useful indicators of whether the City's financial health is improving or deteriorating. However, other non-financial factors, such as road conditions or changes in the tax base, must also be considered when assessing the overall health of the City.

Both of the government-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government and administration, public safety, sanitation services, street and storm water maintenance, and culture and recreation. The business-type activities of the City include water and sewer operations and rental of five residential properties. These activities are financed in whole or in part by fees charged to external parties for goods and services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that are segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City currently maintains three fund types: governmental fund, proprietary fund, and fiduciary fund.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be used in evaluating a government's near term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate comparison between governmental funds and governmental activities.

The City maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, which is considered to be a non-major fund. Data from the Special Revenue Funds are combined into a single, aggregated presentation as a major fund. Individual fund data for each of the special revenue funds is provided in the form of combining statements elsewhere in the report.

Proprietary funds – The City maintains one type of proprietary fund, the Enterprise Fund. The Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the Enterprise Fund to account for its water and sewer operations and five residential rental homes. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the City's own programs.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements, and accompanying notes, this report also presents certain required supplementary information containing budget to actual comparisons for the general fund and the special revenue fund, and other postemployment benefits information. Supplementary information and additional elements as required by the auditor general, as listed in the table of contents, are also presented.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$16,206,452 at the close of the fiscal year ended September 30, 2020.

City of Macclenny's Net Position

	Governmental Activities		Business-type Activities		Total	
	FY 20	FY 19	FY 20	FY 19	FY 20	FY 19
Current and other assets	\$ 6,413,784	\$ 5,212,314	\$ 4,435,754	\$ 4,645,587	\$ 10,849,538	\$ 9,857,901
Capital assets	5,013,799	5,147,629	9,552,346	7,784,425	14,566,145	12,932,054
Total assets	<u>11,427,583</u>	<u>10,359,943</u>	<u>13,988,100</u>	<u>12,430,012</u>	<u>25,415,683</u>	<u>22,789,955</u>
Deferred outflows	740,404	759,077	503,235	514,839	1,243,639	1,273,916
Total assets and deferred outflows	<u>12,167,987</u>	<u>11,119,020</u>	<u>14,491,335</u>	<u>12,944,851</u>	<u>26,659,322</u>	<u>24,063,871</u>
Current and other liabilities	356,395	313,938	465,252	592,949	821,647	906,887
Long-term liabilities	4,036,632	3,716,972	4,424,876	4,325,328	8,461,508	8,042,300
Total liabilities	<u>4,393,027</u>	<u>4,030,910</u>	<u>4,890,128</u>	<u>4,918,277</u>	<u>9,283,155</u>	<u>8,949,187</u>
Deferred inflows	78,032	116,670	1,091,683	1,112,416	1,169,715	1,229,086
Total liabilities and deferred inflows	<u>4,471,059</u>	<u>4,147,580</u>	<u>5,981,811</u>	<u>6,030,693</u>	<u>10,452,870</u>	<u>10,178,273</u>
Net position:						
Net investment in capital assets	3,489,171	3,583,001	7,095,692	5,222,701	10,584,863	8,805,702
Restricted	1,866	1,861	587,086	775,006	588,952	776,867
Unrestricted	4,205,891	3,386,578	826,746	916,451	5,032,637	4,303,029
Total net position	<u>\$ 7,696,928</u>	<u>\$ 6,971,440</u>	<u>\$ 8,509,524</u>	<u>\$ 6,914,158</u>	<u>\$ 16,206,452</u>	<u>\$ 13,885,598</u>

Changes in Net Position

The following schedule provides a summary of the changes in net position.

City of Macclenny's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	FY 20	FY 19	FY 20	FY 19	FY 20	FY 19
Revenues:						
Program revenues						
Charges for services	\$ 1,241,910	\$ 1,226,280	\$ 2,829,268	\$ 2,844,230	\$ 4,071,178	\$ 4,070,510
Operating grants and contributions	81,788	-	-	-	81,788	-
Capital grants and contributions	85,800	372,265	1,574,176	303,708	1,659,976	675,973
General revenues						
Property taxes	918,982	871,774	-	-	918,982	871,774
Other taxes	1,989,881	1,962,076	76,401	73,294	2,066,282	2,035,370
State shared revenues	526,824	527,258	-	-	526,824	527,258
Interest and other	259,426	345,839	73,036	69,385	332,462	415,224
Total revenues	5,104,611	5,305,492	4,552,881	3,290,617	9,657,492	8,596,109
Expenses:						
General government	1,085,288	1,135,909	-	-	1,085,288	1,135,909
Public safety	1,772,738	1,906,960	-	-	1,772,738	1,906,960
Physical environment	852,355	801,472	2,957,515	2,614,633	3,809,870	3,416,105
Transportation	444,210	469,721	-	-	444,210	469,721
Culture and recreation	174,698	192,550	-	-	174,698	192,550
Interest on long-term debt	49,834	51,673	-	-	49,834	51,673
Total expenses	4,379,123	4,558,285	2,957,515	2,614,633	7,336,638	7,172,918
Change in net position	725,488	747,207	1,595,366	675,984	2,320,854	1,423,191
Beginning net position -						
as previously reported	6,971,440	6,224,233	6,914,158	6,238,174	13,885,598	12,462,407
Ending net position	\$ 7,696,928	\$ 6,971,440	\$ 8,509,524	\$ 6,914,158	\$ 16,206,452	\$ 13,885,598

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental and Business-type Activities

The governmental activities generated \$1,409,498 in program revenues and \$3,695,113 of general revenues, and incurred \$4,379,123 of program expenses. This resulted in a \$725,488 increase in net assets from current operations. The business-type activities generated operating revenue of \$2,829,268 while expending \$2,957,515 resulting in a net decrease from operations of \$128,247. Non-operating revenues of \$149,437 together with capital grant revenue of \$1,574,176 less the net decrease from operations of \$128,247 resulted in a total increase of \$1,595,366 in net position.

THE CITY'S INDIVIDUAL FUNDS

The General Fund's fund balance increased by \$1,153,903 from \$4,935,328 to \$6,089,231. The Special Revenue Fund's fund balance increased by \$5 from \$1,861 to \$1,866. The Proprietary Fund's net position increased by \$1,595,366 from \$6,914,158 to \$8,509,524; net position from operations decreased \$27,747; net cash decreased \$171,230. The City's utility system was operated principally from charges to customers.

BUDGETARY HIGHLIGHTS

General Fund revenues were greater than budgeted amounts by \$268,503 and expenditures were less than budgeted amounts by \$807,198.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City had significant capital asset activity during the year. Please refer to the note to the accompanying financial statements entitled *Capital Assets* for more detailed information about the City's capital asset activity. Several construction projects were in progress at September 30, 2020, totaling \$1,448,849. These projects include continuation of sewer rehabilitation, extension of utility services to new subdivision, and an equipment pole barn.

Debt Administration

During the year, funding received from federal grants through the Florida Department of Environmental Protection to upgrade the sanitary/sewer system infrastructure included loan advances of \$98,608. The total funding received during the fiscal year was \$493,041, of which \$394,433 is considered debt forgiveness income. The notes payable balance was \$240,548 on September 30, 2020. The City's notes and revenue bonds payable decreased by \$139,176. Please refer to the note to the accompanying financial statements entitled *Changes in Long-Term Liabilities* for more detailed information about the City's changes in long-term liabilities.

ECONOMIC FACTORS

We are not currently aware of any conditions that are expected to have a significant effect on the City's financial position or results of operations.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Macclenny at 118 East Macclenny Ave., Macclenny, Florida 32063.

STATEMENT OF NET POSITION
SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>			
Current assets:			
Cash and equivalents	\$ 5,995,232	\$ 2,968,554	\$ 8,963,786
Accounts receivable (net)	150,168	262,203	412,371
Due from other funds	157,122	(157,122)	-
Due from other governments	85,800	-	85,800
Accrued interest receivable	-	2,186	2,186
Inventories	21,028	70,024	91,052
Prepaid expenses	2,568	-	2,568
Total current assets	<u>6,411,918</u>	<u>3,145,845</u>	<u>9,557,763</u>
Noncurrent assets:			
Restricted assets:			
Cash	1,866	1,289,909	1,291,775
Capital assets:			
Non-depreciable	786,961	1,929,968	2,716,929
Depreciable, net	4,226,838	7,622,378	11,849,216
Total noncurrent assets	<u>5,015,665</u>	<u>10,842,255</u>	<u>15,857,920</u>
Deferred outflows of resources	740,404	503,235	1,243,639
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>12,167,987</u>	<u>14,491,335</u>	<u>26,659,322</u>
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>			
Current liabilities:			
Accounts payable	124,634	96,956	221,590
Accrued interest payable	39,803	61,843	101,646
Accrued payroll payable	21,475	16,033	37,508
Notes payable	-	7,026	7,026
Bonds payable	41,000	207,000	248,000
Net pension liabilities	4,708	2,527	7,235
Due to other governments	128	-	128
Accrued compensated absences	124,647	73,867	198,514
Total current liabilities	<u>356,395</u>	<u>465,252</u>	<u>821,647</u>
Noncurrent liabilities:			
Customer deposits	12,000	702,823	714,823
Notes payable	-	233,522	233,522
Bonds payable	1,483,628	2,015,000	3,498,628
Net pension liabilities	2,467,455	1,419,916	3,887,371
Accrued compensated absences	41,758	34,925	76,683
Accrued insurance supplement	-	900	900
Accrued OPEB obligation	31,791	17,790	49,581
Total noncurrent liabilities	<u>4,036,632</u>	<u>4,424,876</u>	<u>8,461,508</u>
Deferred inflows of resources	78,032	1,091,683	1,169,715
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>4,471,059</u>	<u>5,981,811</u>	<u>10,452,870</u>
<u>NET POSITION</u>			
Net investment in capital assets	3,489,171	7,095,692	10,584,863
Restricted	1,866	587,086	588,952
Unrestricted	4,205,891	826,746	5,032,637
TOTAL NET POSITION	<u>\$ 7,696,928</u>	<u>\$ 8,509,524</u>	<u>\$ 16,206,452</u>

The accompanying "Notes to financial statements" form an integral part of this statement.

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 1,085,288	\$ 11,850	\$ -	\$ -	\$ (1,073,438)	\$ -	\$ (1,073,438)
Public safety	1,772,738	-	-	85,800	(1,686,938)	-	(1,686,938)
Physical environment	852,355	1,119,348	81,788	-	348,781	-	348,781
Transportation	444,210	110,712	-	-	(333,498)	-	(333,498)
Culture and recreation	174,698	-	-	-	(174,698)	-	(174,698)
Interest on long-term debt	49,834	-	-	-	(49,834)	-	(49,834)
Total Governmental activities	4,379,123	1,241,910	81,788	85,800	(2,969,625)	-	(2,969,625)
Business-type activities:							
Water and sewer	2,841,223	2,801,268	-	1,574,176	-	1,534,221	1,534,221
Rental	15,792	28,000	-	-	-	12,208	12,208
Interest on long-term debt	100,500	-	-	-	-	(100,500)	(100,500)
Total Business-type activities	2,957,515	2,829,268	-	1,574,176	-	1,445,929	1,445,929
Total	\$ 7,336,638	\$ 4,071,178	\$ 81,788	\$ 1,659,976	(2,969,625)	1,445,929	(1,523,696)
General Revenues:							
Property taxes					918,982	-	918,982
Sales and use taxes					572,915	-	572,915
Local option taxes					152,869	-	152,869
Franchise fees					438,805	-	438,805
Utility service tax					567,661	76,401	644,062
Communication service tax					257,631	-	257,631
State shared revenue					526,824	-	526,824
Fines and forfeitures					6,978	-	6,978
Interest income					473	30,771	31,244
Miscellaneous					251,975	42,265	294,240
Total General Revenues					3,695,113	149,437	3,844,550
Change in net position					725,488	1,595,366	2,320,854
Net position, October 1, 2019					6,971,440	6,914,158	13,885,598
Net position, September 30, 2020					\$ 7,696,928	\$ 8,509,524	\$ 16,206,452

The accompanying "Notes to financial statements" form an integral part of this statement.

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

CITY OF MACCLENNY, FLORIDA

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>			
Cash	\$ 5,995,232	\$ -	\$ 5,995,232
Cash - restricted	-	1,866	1,866
Accounts receivable (net)	150,168	-	150,168
Due from other funds	242,922	-	242,922
Due from other governments	-	85,800	85,800
Inventory	21,028	-	21,028
Prepaid expenses	2,568	-	2,568
TOTAL ASSETS	<u>\$ 6,411,918</u>	<u>\$ 87,666</u>	<u>\$ 6,499,584</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
<u>LIABILITIES</u>			
Accounts payable	\$ 124,634	\$ -	\$ 124,634
Accrued payroll	21,475	-	21,475
Accrued compensated absences	124,647	-	124,647
Accrued interest	39,803	-	39,803
Due to other funds	-	85,800	85,800
Due to other governments	128	-	128
Customer deposits	12,000	-	12,000
TOTAL LIABILITIES	<u>322,687</u>	<u>85,800</u>	<u>408,487</u>
 <u>FUND EQUITY</u>			
Fund balances:			
Nonspendable			
Inventory	21,028	-	21,028
Prepaid expenses	2,568	-	2,568
Due from utility fund	157,122	-	157,122
Committed to:			
Impact fees	-	1,866	1,866
Unassigned	5,908,513	-	5,908,513
TOTAL FUND EQUITY	<u>6,089,231</u>	<u>1,866</u>	<u>6,091,097</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 6,411,918</u>	<u>\$ 87,666</u>	<u>\$ 6,499,584</u>

The accompanying "Notes to financial statements" form an integral part of this statement.

RECONCILIATION OF BALANCE SHEET TO STATEMENT OF NET POSITION -
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

FUND BALANCES--TOTAL GOVERNMENTAL FUNDS	\$ 6,091,097
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not reported in the governmental funds:	
Capital assets--net	5,013,799
Deferred outflows of resources related to pension earnings are not recognized in the governmental funds and are recorded in the statement of net position.	
Change in pension assumptions	740,404
Deferred inflows of resources related to pension earnings are not recognized in the governmental funds and are recorded in the statement of net position.	
Change in pension assumptions	(78,032)
Liabilities are not reported in the governmental funds:	
Compensated absences	(41,758)
Bonds payable	(1,524,628)
Other post employment benefits payable	(31,791)
Net pension liabilities	<u>(2,472,163)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 7,696,928</u>

The accompanying "Notes to financial statements" form an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

	GENERAL	SPECIAL REVENUE	TOTALS (Memorandum Only)
<u>REVENUES</u>			
Taxes	\$ 2,470,059	\$ -	\$ 2,470,059
Licenses and permits	169,669	-	169,669
Franchise fees	438,805	-	438,805
Intergovernmental	625,543	85,800	711,343
Charges for services	1,241,910	-	1,241,910
Fines and forfeitures	6,978	-	6,978
Miscellaneous revenues	65,374	-	65,374
TOTAL REVENUES	5,018,338	85,800	5,104,138
<u>EXPENDITURES</u>			
Current:			
General government	940,673	-	940,673
Public safety	1,471,442	85,800	1,557,242
Physical environment	755,869	-	755,869
Transportation	327,767	-	327,767
Culture and recreation	109,651	-	109,651
Capital outlay:	169,667	-	169,667
Debt service:			
Principal	40,000	-	40,000
Interest and fiscal charges	49,834	-	49,834
TOTAL EXPENDITURES	3,864,903	85,800	3,950,703
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,153,435	-	1,153,435
OTHER FINANCING SOURCES (USES)			
Interest on investments	468	5	473
TOTAL OTHER FINANCING SOURCES (USES)	468	5	473
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,153,903	5	1,153,908
FUND BALANCES, October 1, 2019	4,935,328	1,861	4,937,189
FUND BALANCES, September 30, 2020	\$ 6,089,231	\$ 1,866	\$ 6,091,097

The accompanying "Notes to financial statements" form an integral part of this statement.

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 1,153,908

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is depreciated over their estimated useful lives.

Acquisition of capital assets	243,396
Current year depreciation expense	(377,226)

The issuance of long-term debt provides current financial resources to governmental funds, however this does not affect net position

Increase in net pension liability	(349,138)
Principal loan repayment	40,000

Change in deferred outflows related to pension	(68,672)
--	----------

Change in deferred inflows related to pension	38,638
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Deferred outflows for contributions subsequent to the measurement date	49,999
--	--------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Increase in compensated absences	(2,117)
Increase in OPEB expense and miscellaneous	(3,300)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 725,488

STATEMENT OF NET POSITION-
PROPRIETARY FUND TYPE (ENTERPRISE FUND)
SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

	TOTALS
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	
Current assets:	
Cash and equivalents	\$ 2,968,554
Accounts receivable (net)	262,203
Accrued interest receivable	2,186
Inventories	70,024
Total current assets	3,302,967
Noncurrent assets:	
Restricted assets:	
Cash	1,289,909
Total cash, restricted	1,289,909
Capital assets:	
Land	511,669
Construction in progress	1,418,299
Buildings, improvements and infrastructure	19,142,573
Machinery and equipment	3,053,723
Less: accumulated depreciation	(14,573,918)
Total capital assets net	9,552,346
Total noncurrent assets	10,842,255
Deferred outflows of resources	
Net underwriter's discount	16,430
Deferred gain on early retirement	3,155
Change in pension assumptions	483,650
Total deferred outflow of resources	503,235
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	14,648,457
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>	
Current liabilities:	
Accounts payable	96,956
Accrued interest payable	61,843
Accrued payroll payable	16,033
Due to other funds	157,122
Notes payable	7,026
Bonds payable	207,000
Net pension liabilities	2,527
Accrued compensated absences	73,867
Total current liabilities	622,374
Noncurrent liabilities:	
Customer deposits	702,823
Notes payable	233,522
Bonds payable	2,015,000
Net pension liabilities	1,419,916
Accrued compensated absences	34,925
Accrued insurance supplement	900
Accrued OPEB obligation	17,790
Total noncurrent liabilities	4,424,876
Deferred inflows of resources	
Change in pension assumptions	82,783
Deferred developer revenues	1,008,900
Total deferred inflows of resources	1,091,683
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	6,138,933
<u>NET POSITION</u>	
Net investment in capital assets	7,095,692
Restricted for water and sewer development	587,086
Unrestricted	826,746
TOTAL NET POSITION	\$ 8,509,524

The accompanying "Notes to financial statements" form an integral part of this statement.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUND TYPE (ENTERPRISE FUND)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

OPERATING REVENUES

Charges for services \$ 2,829,268

TOTAL OPERATING REVENUES

2,829,268

OPERATING EXPENSES

Personal services 1,418,097

Materials, supplies and other expenses 711,679

Depreciation expense 725,655

Amortization expense 1,584

TOTAL OPERATING EXPENSES

2,857,015

OPERATING INCOME (LOSS)

(27,747)

NON-OPERATING REVENUES (EXPENSES)

Utility tax 76,401

Grant revenue 1,574,176

Miscellaneous income 42,265

Interest income 30,771

Interest expense (100,500)

TOTAL NONOPERATING REVENUES (EXPENSES)

1,623,113

Changes in net position 1,595,366

NET POSITION - October 1, 2019

6,914,158

NET POSITION - September 30, 2020

\$ 8,509,524

The accompanying "Notes to financial statements" form an integral part of this statement.

STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE (ENTERPRISE FUND)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 2,971,181
Cash payments to suppliers for goods and services	(845,952)
Cash payments to employees for services	<u>(1,202,715)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>922,514</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	(2,493,576)
Proceeds from capital grant	1,574,176
Interest paid on long term debt	(105,178)
Loan proceeds	99,612
Principle paid on notes payable	(2,788)
Principle paid on bonds payable	<u>(196,000)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,123,754)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>30,010</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>30,010</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (171,230)

CASH AND CASH EQUIVALENTS - October 1, 2019	<u>4,429,693</u>
CASH AND CASH EQUIVALENTS - September 30, 2020	<u>\$ 4,258,463</u>

CASH AND CASH EQUIVALENTS CLASSIFIED AS:

Cash and cash equivalents - unrestricted	\$ 2,968,554
Cash and cash equivalents - restricted	<u>1,289,909</u>
TOTAL CASH AND CASH EQUIVALENTS CLASSIFIED	<u>\$ 4,258,463</u>

RECONCILIATION OF OPERATING INCOME TO

NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating income (loss)	\$ (27,747)
Utility tax and miscellaneous nonoperating revenue	118,666
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	725,655
Amortization	1,584
Change in assets and liabilities:	
Accounts receivable	19,778
Accounts payable	(153,859)
Accrued compensated absences	28,480
Net pension liability	176,636
Net OPEB obligation	3,311
Accrued payroll	6,955
Customer deposits	3,469
Inventory	<u>19,586</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 922,514</u>

The accompanying "Notes to financial statements" form an integral part of this statement.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

	HRA Fund	Baker Co School Board Impact Fees	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 137,620	\$ 35,563	\$ 173,183
TOTAL ASSETS	137,620	35,563	173,183
<u>NET POSITION</u>			
Held in trust and due other agencies	\$ 137,620	\$ 35,563	\$ 173,183

The accompanying "Notes to financial statements" form an integral part of this statement.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

	<u>HRA Fund</u>	Baker Co School Board <u>Impact Fees</u>	<u>Total</u>
ADDITIONS			
Contributions:	\$ 7,930	\$ 168,343	\$ 176,273
Total additions	<u>7,930</u>	<u>168,343</u>	<u>176,273</u>
DEDUCTIONS			
Health reimbursements paid and remiittances	<u>6,581</u>	<u>132,780</u>	<u>139,361</u>
Total deductions	<u>6,581</u>	<u>132,780</u>	<u>139,361</u>
Changes in net position	1,349	35,563	36,912
Net position, October 1, 2019	<u>136,271</u>	<u>-</u>	<u>136,271</u>
Net position, September 30, 2020	<u>\$ 137,620</u>	<u>\$ 35,563</u>	<u>\$ 173,183</u>

The accompanying "Notes to financial statements" form an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles. The more significant of the City's accounting policies are hereafter described.

Reporting Entity

The City is a unit of local government, established under Section 166, Florida Statutes and Chapter 24670, Laws of the State of Florida, and operates under a Commissioners-Manager form of government. As required by accounting principles generally accepted in the United States of America, the accompanying financial statements present the City as a primary government.

The City uses the criteria established in GASB Statement 14 to define the reporting entity and identify component units. Component units are entities for which a primary government is considered to be financially accountable. Component units, if any, are included in the reporting entity because of the significance of their operational or financial relationships with the primary government.

A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

Blended component units, although legally separate entities are, in substance, part of the primary government's operations and, accordingly, data from these units would be combined with data of the City. There are no blended component units included in the City's financial reporting entity.

Discretely presented component units, on the other hand, would be reported in separate columns to emphasize that they are legally separate from the City. There are no discretely presented component units included in the City's financial reporting entity.

The Macclenny Housing Authority is a legally separate fiscally independent organization in which the City Commissioners appoint the Authority Board. The City is not able to impose its will on the Authority and no financial responsibility of the Authority rests with the City. The Authority is not included as a component unit of the City's financial statements since the City does not exercise sufficient oversight responsibility.

There were no additional entities for which there were positive responses to specific criteria used for establishing oversight responsibility that were excluded from the City's financial statements.

The City did not participate in any joint ventures during the 2019 – 2020 fiscal year.

Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation

Government-wide Financial Statements

separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program; and operating and capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not properly included among program revenues are reported as general revenues.

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate financial statements are presented for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements, but all non-major funds are aggregated and presented in a single column. The governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The City reports the General Fund as a major governmental fund. The General Fund is the primary operating fund. It is used to account for all activities except those required to be accounted for in another fund.

The City reports the Special Revenue Funds as a non-major fund. The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

The City reports the Proprietary Fund (enterprise fund) as a major fund. The Proprietary Fund consists of two separate funds identified as the Utility and Rental Funds. The City provides services for water and sewer to its residents, which are financed by user charges. The City also maintains several homes located adjacent to the City's sewer treatment plant which are rented to tenants. Activities of the Utility Fund include administration, operation and maintenance of the water and sewer system, and billing and collection activities. The Utility Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds. The proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets.

The City's fiduciary funds includes the Health Reimbursement Account and impacts fees collected for the Baker County School Board. These funds are held in a purely custodial capacity and are reported using the accrual basis of accounting.

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance – Governmental Funds

The City follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

The fund balance classifications specified in GASB Statement No. 54 are as follows:

Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the City’s highest level of decision-making authority, which is the City Commission. Committed amounts cannot be used for any other purpose unless the City removes those constraints by taking the same type of action.

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the City Manager; or (b) a body or official to whom the City Manager has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund.

The City’s policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

Governmental fund balances with restrictions as of September 30, 2020, are as follows:

	Classification					Total
	Nonspendable	Restricted	Committed	Assigned	Unassigned	
General Fund	\$ 180,718	\$ -	\$ -	\$ -	\$ 5,908,513	\$ 6,089,231
Transportation Impact Fee Fund	-	1,866	-	-	-	1,866
	<u>\$ 180,718</u>	<u>\$ 1,866</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,908,513</u>	<u>\$ 6,091,097</u>

Measurement Focus and Basis of Accounting

The government-wide financial statements and the fund financial statements for the proprietary fund are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting

Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current year. Expenditures are generally recognized when the related liability is incurred. However, debt service expenditures and expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Budgets and Budgetary Accounting

The City adopts annual budgets for the General, Special Revenue and Enterprise Funds. The following procedures are used in establishing the budgetary data reflected in the financial statements:

- Prior to July 1, the City Manager submits to the City Commissioners a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.
- The budget is legally enacted through passage of an ordinance.
- Any revision that alters total expenditures of any fund or to transfer budgeted amounts between departments within any fund must be approved by the City Commissioners. Budgetary control is maintained at the department level. The fund is the legal level of control. Budgetary data presented in the accompanying financial statements represent the “final” budget data; i.e., the effects of budget amendments have been applied to “original” budgetary data. Budgeted appropriations lapse at year-end.
- The budget amounts presented in the accompanying financial statements were prepared on the modified accrual basis of accounting.
- All budget changes during the fiscal year are approved by the City Commissioners.
- Appropriations lapse at the end of the fiscal year.

Budgets are adopted for the General, Special Revenue and Enterprise Funds on a basis that does not differ materially from accounting principles generally accepted in the United States of America. In accordance with Section 166.241(3), Florida Statutes, total expenditures did not exceed budget appropriations for the fiscal year ended September 30, 2020.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

Application of FASB Pronouncements

For its enterprise fund, the City applies all applicable GASB pronouncements. Additionally, the City applies pronouncements of the FASB and its predecessor bodies issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the enterprise funds consider all highly liquid investments, including restricted assets to be cash equivalents. Restricted cash for customer deposits, bond reserves, impact fees and utility improvement funds total \$1,291,775. Unrestricted resources are used first when expense is incurred for both restricted and unrestricted purposes.

Deposits with Financial Institutions

All cash resources and certificates of deposit of the City are placed in banks that qualify as public depositories, as required by law (Florida Security for Public Deposits Act). Accordingly, all deposits are insured by Federal depository insurance and/or collateralized pursuant to Chapter 280, Florida Statutes.

Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market.

Prepaid Expenses

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses.

Assets capitalized generally have an original cost of \$1,000 or more and a useful life of more than one year. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20-30 years
Water and Sewer System	30-50 years
Infrastructure	20-35 years
Machinery and Equipment	5-15 years
Improvements other than Buildings	20-50 years

Compensated Absences

The City's policy on sick leave allows accumulation from one year to the next. Vesting occurs after an employee has five years of service with the City. An employee may be paid, depending on length of service, for 35% to 60% of a maximum of 960 hours of accumulated sick time.

City policies allow employees to accumulate vacation time and carryover unused vacation to the next calendar year. The maximum amount that can be carried over is one year's accumulated leave. The City follows accounting principles generally accepted in the United States of America in accounting for accrued compensated absences. A liability for accrued compensated absences of employees has been accrued in the Proprietary Fund and in the Government-wide financial statements. Compensated absences are recorded as expenditures in Governmental Funds to the extent of the amount of the liability that would normally be liquidated with expendable available financial resources (the current portion).

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources

A *deferred outflow of resources* is a consumption of net assets that is applicable to a future reporting period.

A *deferred inflow of resources* is an acquisition of net assets that is applicable to a future reporting period.

Net Position

Net position represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net position reports \$588,947 of restricted net position, which is restricted by enabling legislation. Governmental restricted net position in the amount of \$1,866 consists of impact fees held in the special revenue accounts. Proprietary restricted net position in the amount of \$587,086 consists of water and sewer development funds, bond reserves and sinking funds.

Property Taxes

The Baker County Tax Collector bills and collects property taxes for the City. City property tax revenues are recognized when levied, to the extent that they result in current receivables. Details of the City's property tax calendar are presented below:

Lien Date	January 1
Levy Date	October 1
Installment Payments	
1st Installment	No later than June 30
2nd Installment	No later than September 30
3rd Installment	No later than December 31
4th Installment	No later than March 31
Regular Payments	
Discount Periods	November-February
No Discount Period	March
Delinquent Date	April 1

Debt Premiums, Discounts, Issuance Costs and Debt Refunding Gains and Losses

On the government-wide statement of net position and the proprietary fund type statement of net position, debt premiums and discounts are netted against the debt payable. On the government-wide and proprietary fund type statement of activities, debt premiums and discounts are deferred and amortized over the life of the debt using the effective interest method.

Debt refunding gains and losses are reported as deferred inflows or outflows of resources on the statements of net position. These gains and losses are deferred and amortized over the shorter of the life of the refunding debt (new debt) and the refunded debt (the old debt).

Bond issue costs are recognized as an outflow of resources in the reporting period in which they are incurred. At the government fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as debt service expenditures.

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Capitalization of Interest Costs

When applicable, the City follows the guidelines of Statement of Financial Accounting Codification No. 835-20 to determine if interest costs related to construction of fixed assets should be capitalized. Total interest cost for the fiscal year ended September 30, 2020 was \$151,337, of which \$1,003 was capitalized.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the City to make various estimates and assumptions. Actual results could vary from estimates used.

NOTE 2 – INVESTMENTS

The City invests excess public funds pursuant to the guidelines established in Section 218.415, Florida Statutes. Accordingly, the City is authorized to invest excess public funds in the following instruments: the Local Government Investment Pool; Securities and Exchange Commission registered money market funds with the highest credit quality rating; savings accounts and certificates of deposit in qualified public depositories; and direct obligations of the U.S. Treasury.

Investment Risks

The City is exposed to the following risks associated with its investment portfolio:

Credit Risk – the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Interest Rate Risk – the risk that changes in interest rate will adversely affect the fair value of an investment.

The City maintains a certificate of deposit in a qualified public depository totaling \$601,848. The rate of return is .846% and matures on June 19, 2022. The City does not have a formal investment policy relating to the aforementioned risks, other than Section 218.415, Florida Statutes, for investing public funds. That statute limits the City's exposure to credit risk and interest rate risk by limiting authorized investment options as previously described. Certificate of deposits are reported as a cash equivalent.

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

NOTE 3 – CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance October 1	Additions	Deletions	Balance September 30
<u>Governmental activities:</u>				
Capital assets not being depreciated				
Land	\$ 756,411	\$ -	\$ -	\$ 756,411
Construction in progress	4,560	25,990	-	30,550
Total capital assets not being depreciated	760,971	25,990	-	786,961
Capital assets being depreciated				
Buildings, improvements and infrastructure	5,725,296	1,750	-	5,727,046
Machinery and equipment	2,954,332	215,656	-	3,169,988
Total capital assets being depreciated	8,679,628	217,406	-	8,897,034
Total capital assets, before depreciation	9,440,599	243,396	-	9,683,995
Less accumulated depreciation for:				
Buildings, improvements and infrastructure	(2,015,955)	(228,192)	-	(2,244,147)
Machinery and equipment	(2,277,015)	(149,034)	-	(2,426,049)
Total accumulated depreciation	(4,292,970)	(377,226)	-	(4,670,196)
Total capital assets being depreciated, net	4,386,658	(159,820)	-	4,226,838
Governmental activities capital assets, net	\$ 5,147,629	\$ (133,830)	\$ -	\$ 5,013,799
<u>Business-type activities:</u>				
Capital assets not being depreciated				
Land	\$ 511,669	\$ -	\$ -	\$ 511,669
Construction in progress	1,115,460	1,906,815	(1,603,976)	1,418,299
Total capital assets not being depreciated	1,627,129	1,906,815	(1,603,976)	1,929,968
Capital assets being depreciated				
Buildings, improvements and infrastructure	17,408,497	1,734,076	-	19,142,573
Machinery and equipment	2,597,062	456,661	-	3,053,723
Total capital assets being depreciated	20,005,559	2,190,737	-	22,196,296
Total capital assets, before depreciation	21,632,688	4,097,552	(1,603,976)	24,126,264
Less accumulated depreciation for:				
Buildings, improvements and infrastructure	(11,671,848)	(594,299)	-	(12,266,147)
Machinery and equipment	(2,176,415)	(131,356)	-	(2,307,771)
Total accumulated depreciation	(13,848,263)	(725,655)	-	(14,573,918)
Total capital assets being depreciated, net	6,157,296	1,465,082	-	7,622,378
Business-type activities capital assets, net	\$ 7,784,425	\$ 3,371,897	\$ (1,603,976)	\$ 9,552,346

Depreciation expense was charged as direct expense to programs of the government as follows:

Governmental Activities:	
General Government	\$ 17,002
Public Safety	122,535
Physical Environment	78,255
Transportation	101,883
Culture and Recreation	57,551
Total Depreciation Expense-Governmental Activities	<u>\$ 377,226</u>
Business-Type Activities:	
Water and Sewer	\$ 725,655
Total Depreciation Expense-Business-Type Activities	<u>\$ 725,655</u>

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

NOTE 4 – CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Balance October 1, 2019			Balance September 30, 2020		Amounts Due within One Year
		Additions	Reductions			
<u>Governmental activities:</u>						
Revenue bonds payable	\$ 1,564,628	\$ -	\$ 40,000	\$ 1,524,628	\$ 41,000	
Capital lease obligation	-	-	-	-	-	
Compensated absences	164,667	1,738	-	166,405	124,647	
OPEB obligation	28,490	3,301	-	31,791	-	
Net pension liability - FRS	2,123,025	349,138	-	2,472,163	4,708	
Total Governmental activities	<u>\$ 3,880,810</u>	<u>\$ 354,177</u>	<u>\$ 40,000</u>	<u>\$ 4,194,987</u>	<u>\$ 170,355</u>	
<u>Business-type activities:</u>						
Notes payable	\$ 143,724	\$ 99,612	\$ 2,788	\$ 240,548	\$ 7,026	
Revenue bonds payable	2,418,000	-	196,000	2,222,000	207,000	
Compensated absences	80,312	28,480	-	108,792	73,867	
OPEB obligation	14,479	3,311	-	17,790	-	
Net pension liability -FRS	1,235,094	187,349	-	1,422,443	2,527	
Total Business-type activities	<u>\$ 3,891,609</u>	<u>\$ 318,752</u>	<u>\$ 198,788</u>	<u>\$ 4,011,573</u>	<u>\$ 290,420</u>	

NOTE 5 – NOTES AND REVENUE BONDS PAYABLE

The City's notes and revenue bonds payable are segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Governmental activities:

As of September 30, 2020, the governmental bonds payable of the City consisted of the following:

Bonds Payable:

Public Improvement Revenue Bonds were issued on December 11, 2015 in the amount of \$1,685,800 bearing interest at a rate of 3.25%. The purpose of the bonds was to provide permanent financing of the fire station. The bonds are secured by the pledge of the City's discretionary one cent sales tax revenue.

\$1,524,628

Total Governmental Activities Bonds Payable

\$1,524,628

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

NOTE 5 – NOTES AND REVENUE BONDS PAYABLE (continued)

Business-type activities:

The business-type activities notes and revenue bonds payable for the City at September 30, 2020, consist of the following:

Notes Payable:

Clean Water State Revolving Fund Planning Loan Agreements were entered into with the Florida Department of Environmental Protection. The first of three agreements was dated January 12, 2016. The purpose of the agreements was to provide funding for the evaluation and rehabilitation of the sanitary/sewer system infrastructure. The agreements call for loan principal forgiveness of eighty percent. The interest rates range from 1% to 1.62% with semiannual loan payments that began June 15, 2018. As of September 30, 2020, the City has outstanding notes payable balances totaling \$240,548.

\$ 240,548

Total Notes Payable

\$ 240,548

Bonds Payable:

\$1,800,000 Water and Sewer Revenue Bonds, Series 1997, dated January 28, 1997, issued to finance a part of the cost of certain additions, extensions, and improvements to the sewer facilities of the City. The Bonds are due in annual installments of \$18,000 to \$94,000 through January 1, 2037. Interest is at 4.5%. Net revenues from the related system and certain franchise and public service tax are pledged as collateral.

\$ 1,167,000

\$2,475,000 Water and Sewer Revenue Refunding Bonds, Series 2008, dated September 30, 2008, issued to refund certain bond issues. The bonds were purchased by Regions Bank and are to be repaid in semi-annual payments beginning April 1, 2009 ranging from \$97,435 to \$102,292 through April 1, 2026. Interest is at 4.14%. Net revenues from the related system and certain municipal excise taxes are pledged as collateral.

1,055,000

Total Bonds Payable

\$ 2,222,000

Total Business-type Activity Notes and Revenue Bonds Payable

\$ 2,462,548

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

NOTE 5 – NOTES AND REVENUE BONDS PAYABLE (concluded)

Annual debt service requirements to maturity for long-term debt are as follows:

Year ending <u>September 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	41,000	49,551	214,026	97,012
2022	42,000	48,218	232,297	88,380
2023	44,000	46,853	230,617	80,230
2024	45,000	45,423	245,889	69,942
2025	46,000	43,961	253,054	59,894
2026-2030	255,000	196,272	579,832	193,307
2031-2035	295,000	152,169	469,340	103,314
2036-2040	328,000	102,054	233,603	14,022
2041-2045	362,000	46,544	3,890	19
2046	<u>66,628</u>	<u>2,165</u>	-	-
Total	<u>\$1,524,628</u>	<u>\$ 733,210</u>	<u>\$ 2,462,548</u>	<u>\$ 706,120</u>

NOTE 6 – STATE OF FLORIDA PENSION PLANS

Defined Benefit Plans

The City participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000 or by calling (844) 377-1888.

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

NOTE 6 – STATE OF FLORIDA PENSION PLANS (continued)

Benefits Provided

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions

The contribution requirements of plan members and the City are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The City's contribution rates as of September 30, 2020, were as follows:

	FRS	HIS
Regular Class	8.34%	1.66%
Special Risk Class	22.79%	1.66%
Senior Management Service Class	25.63%	1.66%
Elected Officials	47.52%	1.66%
DROP from FRS	15.32%	1.66%

The City's contributions for the year ended September 30, 2020, were \$252,491 to the FRS and \$32,956 to the HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2020, the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2020, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2020. The City's proportions of the net pension liabilities were based on the City's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net pension liability	\$ 3,200,628	\$ 693,980
Proportion at:		
Current measurement date	0.007384676%	0.005683778%
Prior measurement date	0.007797893%	0.006011560%
Pension expense (benefit)	\$ 732,520	\$ 56,811

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

NOTE 6 – STATE OF FLORIDA PENSION PLANS (continued)

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 122,495	\$ -	\$ 28,388	\$ 535
Changes of assumptions	579,415	-	74,623	40,352
Net difference between projected and actual earnings on pension plan investments	190,568	-	554	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	102,973	-	48,209	32,498
Employer contributions subsequent to measurement date	70,302	87,430	6,527	-
Total	\$ 1,065,753	\$ 87,430	\$ 158,301	\$ 73,385

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2020. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending September 30,	FRS	HIS
2021	\$ 215,213	\$ 26,474
2022	293,602	19,637
2023	241,410	6,996
2024	137,919	10,691
2025	19,877	10,149
Thereafter	-	4,442
Total	\$ 908,021	\$ 78,389

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2020. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2020. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2019, rolled-forward using standard actuarial procedures. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	6.90%	N/A
Discount rate	6.90%	3.50%

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

NOTE 6 – STATE OF FLORIDA PENSION PLANS (continued)

Mortality assumptions for both plans were based on the PUB2010 with Scale MP-218.

The FRS actuarial assumptions used were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The following changes in key actuarial assumptions occurred in 2020:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 6.90% to 6.80%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.50% to 2.21%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1%	2.2%	2.2%	1.2%
Fixed income	19%	3.0%	2.9%	3.5%
Global equity	54%	8.0%	6.7%	17.1%
Real estate (property)	10%	6.4%	5.8%	11.7%
Private equity	11%	10.8%	8.1%	25.7%
Strategic investments	<u>4%</u>	5.5%	5.3%	6.9%
	<u>100%</u>			

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.80%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 2.21% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

NOTE 6 – STATE OF FLORIDA PENSION PLANS (concluded)

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the City's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	Current			Current		
	1% Decrease	Discount Rate	1% Increase	1% Decrease	Discount Rate	1% Increase
	5.80%	6.80%	7.80%	1.21%	2.21%	3.21%
Employer's proportionate share of the net pension liability	\$ 5,110,864	\$ 3,200,627	\$ 1,605,189	\$ 802,210	\$ 693,980	\$ 605,394

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 20, totaled \$29,431.

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The City follows Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for certain postemployment healthcare benefits provided by the City. The philosophy driving this accounting standard is that non-pension post employment benefits are part of the compensation paid to employees in return for their services, and the cost of these benefits should be recognized while the employees are providing those resources, rather than after they have retired.

Plan Description

The City offers postemployment medical and pharmacy insurance benefits to any employee who satisfies the normal retirement provisions of the applicable retirement plan (FRS). Former employees who retire from the City are eligible to participate in the City's healthcare insurance benefits, a single-employer defined benefit plan. According to the City's Personnel Policy & Procedures, a regular/permanent full time employee hired before July 1, 2011; after full retirement with at least ten years of full time service who has obtained the required time of service for full retirement benefits (age of 62 or 30 years of service under regular class retirement or 25 years of service under special risk class retirement) can continue to participate in the City's healthcare insurance benefits. Retirees are required to enroll in the Federal Medicare program for their primary health coverage as soon as they are eligible. The City does not issue a stand-alone annual report for the plan and it is not included in the annual report of a public employment retirement system or another entity As of September 30, 2020, the latest actuarial valuation date, there were 39 active participants and no retirees participating in the plan.

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Funding Policy

The City's OPEB benefits are currently unfunded; there is no separate trust fund or equivalent arrangement into which the City would make contributions to advance-fund the obligation, as it does for its pension plans. Therefore, the ultimate subsidies which are provided over time are financed directly by the general assets of the City. Although an actuarial valuation for OPEBs was completed to measure current year's subsidies and project future year subsidies, the City has not determined if a separate trust fund or equivalent arrangement will be established.

Annual OPEB Cost and Net OPEB Liability

The City's net OPEB liability (NOL) is measured as the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service, net of the OPEB plan's fiduciary net position as actuarially determined in accordance with the parameters of Governmental Accounting Standards Board Statement No.75. The following table shows the City's annual OPEB cost for the year, the amount actually contributed to the plans, and changes in the City's net OPEB obligation:

	<u>Amount</u>
Prior measurement balance at 9/30/2019	\$ 42,969
Increase in Net OPEB Liability	<u>6,612</u>
Net OPEB Liability at 9/30/2020	<u>\$ 49,581</u>

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial methods are:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Amortization Period	20 Years
Asset Valuation Method	Unfunded
Healthcare Cost Trend	Rates are expected to be 4.9% in year one decreasing to 4.3% in year 10 and forward for medical; 5.9% in year one decreasing to 4.3% in year 10 and forward for pharmacy; 3.5% in year one decreasing to 3.% in year 10 and forward for dental; and 3.0% for all years for vision.
Turnover Assumption	Derived from data maintained by the U. S. Office of Personnel Management regarding the most recent Experience of the employee group covered by the Federal Employees Retirement System.
Coverage Election	Assumed that 25% of eligible employees participate.

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (concluded)

Actuarial Methods and Assumptions (concluded)

The actuarial assumptions are:

Bond yield & discount rate	3.00%
Projected salary increase	1.50%
Mortality	Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.

Funded Status and Funding Progress

No OPEB payments for the 2020 fiscal year were made. As of September 30, 2020, the most recent actuarial valuation report date, the actuarial value of assets was \$0, the covered payroll (annual payroll of active participating employees) was \$2,032,996 and the unfunded actuarial accrued liability as a percentage of covered payroll was 2.439%.

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

NOTE 8 – COMMITMENTS

As of September 30, 2020, the City had two operating leases agreements. The lease of a postage meter machine was for five years, beginning August 4, 2019, with lease payments of \$213.78 each quarterly and a copier, beginning October 1, 2019, with lease payments of \$200 monthly. Future lease payments are as follows:

Year ending <u>September 30,</u>	<u>Governmental Activities</u>
2021	\$ 3,495
2021-2024	<u>10,485</u>
Total	<u>\$ 13,980</u>

NOTE 9 – CONTINGENT LIABILITIES

The City is sometimes involved in litigation arising from the normal operations of a local government. It is the opinion of management that such litigation will not have a material financial impact on the financial statements of the City.

NOTE 10 – ALLOWANCE FOR UNCOLLECTIBLES

Accounts receivable have been reported in the funds net of allowance for uncollectibles. The allowance for uncollectibles is as follows:

General Fund	\$ 6,480
Enterprise Fund	<u>10,841</u>
Total	<u>\$ 17,321</u>

The allowance is based upon a moving average of the collection experience relating to these receivables.

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

NOTE 11 – DEFERRED INFLOWS OF RESOURCES

The City entered into an agreement with a residential property developer on March 28, 2006. This agreement allowed the developer to connect to City’s water and wastewater utility plants and pipes and to reserve sufficient capacity in the utility plant and the wastewater pipe associated with utility plant capacity. Upon execution of the contract, the developer paid \$1,022,175 for impact fees. As homes are constructed and connected to the utility system, revenue will be recognized. At September 30, 2020, three homes in the development were connected to the City utility system; unearned revenue at September 30, 2020 was \$1,080,000. In addition, an additional \$700,000 was paid by the developer for cost to increase the water and sewer line capacity to the subdivision. Of this amount, \$376,600 together with 6% interest for the two calendar years following the date of completion, was due back to the developer as additional users connect to the lines; the balance due of \$361,227 at September 30, 2020, is reflected in customer deposits.

NOTE 12 – SEGMENTS OF ENTERPRISE ACTIVITIES

The City provides services for water and sewer to its residents, which are financed by user charges. The City also maintains an Enterprise Fund relating to five homes, which the City rents to five tenants. Financial data for water and sewer services and the rental home fund is combined in these financial statements under the Enterprise Fund of the Proprietary Fund Type. Segment information reported for both funds is presented as supplementary information.

NOTE 13 – INTERFUND BALANCES

At September 30, 2020, interfund balances consisted of:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 242,922	\$ -
Special Revenue Fund		85,800
Enterprise Fund	-	<u>157,122</u>
Totals	<u>\$ 242,922</u>	<u>\$ 242,922</u>

The interfund balances resulted from the normal course of operations and should be paid within one year.

NOTE 14 – RISK MANAGEMENT

Commercial Insurance

The City carries commercial insurance for general liability, auto liability, collision, property, inland marine and crime. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

Public Entity Risk Pool

The City is exposed to a risk of loss related to workers’ compensation. To manage this risk, the City joined a public entity risk pool (the “pool”). Premiums paid to the pool are designed to fund the risks assumed by the pool and are based on certain actual exposures of each member.

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated events and transactions for potential recognition or disclosure in the financial statements through June 25, 2021, the date which the financial statements were available to be issued. There were no subsequent events determined to have occurred that would have a material effect on the fair presentation of the financial statements taken as a whole through the date of the report, June 25, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u> <u>WITH FINAL</u>
<u>REVENUES</u>	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>BUDGET</u>
Taxes	\$ 2,387,781	\$ 2,387,781	\$ 2,470,059	\$ 82,278
Licenses and permits	97,500	97,500	169,669	72,169
Franchise fees	433,000	433,000	438,805	5,805
Intergovernmental	606,742	606,742	625,543	18,801
Charges for services	1,192,312	1,192,312	1,241,910	49,598
Fines and forfeitures	8,000	8,000	6,978	(1,022)
Miscellaneous revenues	<u>24,500</u>	<u>24,500</u>	<u>65,374</u>	<u>40,874</u>
TOTAL REVENUES	<u>4,749,835</u>	<u>4,749,835</u>	<u>5,018,338</u>	<u>268,503</u>
 <u>EXPENDITURES</u>				
Current:				
General government	1,081,563	1,081,563	940,673	140,890
Public safety	1,848,207	1,848,207	1,471,442	376,765
Physical environment	850,563	850,563	755,869	94,694
Transportation	383,929	383,929	327,767	56,162
Culture and recreation	158,986	158,986	109,651	49,335
Capital outlay:				
General government	76,791	76,791	22,421	54,370
Public safety	99,212	99,212	84,740	14,472
Physical environment	1,500	1,500	1,916	(416)
Transportation	74,000	74,000	30,381	43,619
Culture and recreation	6,500	6,500	30,209	(23,709)
Debt service:				
Principal, Public safety	40,000	40,000	40,000	-
Interest expense, Public safety	<u>50,850</u>	<u>50,850</u>	<u>49,834</u>	<u>1,016</u>
TOTAL EXPENDITURES	<u>4,672,101</u>	<u>4,672,101</u>	<u>3,864,903</u>	<u>807,198</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	77,734	77,734	1,153,435	1,075,701
OTHER FINANCING SOURCES (USES)				
Transfer to other funds	(300,000)	(300,000)	-	300,000
Interest revenue	<u>1,000</u>	<u>1,000</u>	<u>468</u>	<u>(532)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(299,000)</u>	<u>(299,000)</u>	<u>468</u>	<u>299,468</u>
NET CHANGE IN FUND BALANCE	(221,266)	(221,266)	1,153,903	1,375,169
FUND BALANCES, October 1, 2019	<u>4,935,328</u>	<u>4,935,328</u>	<u>4,935,328</u>	<u>-</u>
FUND BALANCES, September 30, 2020	<u>\$ 4,714,062</u>	<u>\$ 4,714,062</u>	<u>\$ 6,089,231</u>	<u>\$ 1,375,169</u>

Notes to Budgetary Comparison Schedules

The preparation, adoption, and amendment of the budgets are governed by Florida Statutes. The fund is the legal level of control. Budgets are prepared and adopted on a basis that does not differ materially from generally accepted accounting principles (GAAP). Appropriations lapse at year-end.

The accompanying "Notes to financial statements" form an integral part of this statement.

**OTHER POSTEMPLOYMENT BENEFITS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA**

I. Total OPEB Liability

-Service Cost	\$	3,040
-Interest		1,942
-Effect of economic/demographic gains or losses		(1,642)
-Effect of assumptions, changes, or inputs		3,272
		6,612
Net change in OPEB Liability		6,612
Total OPEB liability, beginning		42,969
Total OPEB liability, ending	\$	49,581

Plan fiduciary net position as a percentage of the total OPEB liability		0%
Covered employee payroll	\$	2,032,996
City's net OPEB liability as a percentage of covered employee payroll		2.439%

II. Ten-year Trend Information

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net Ending OPEB Obligation	Covered Employee Payroll	Net OPEB Liability As Percentage of Covered Employee Payroll
9/30/2010	\$ 59,000	\$ -	0.00%	\$ 59,000	1,825,355	1.695%
9/30/2011	60,497	-	0.00%	119,497	1,926,285	6.203%
9/30/2012	62,173	-	0.00%	181,670	2,010,841	9.035%
9/30/2013	18,055	-	0.00%	199,725	1,954,358	10.219%
9/30/2014	18,820	-	0.00%	218,545	1,708,840	12.789%
9/30/2015	(9,881)	-	0.00%	208,664	1,621,439	12.867%
9/30/2016	(168,337)	-	0.00%	40,327	1,771,449	2.276%
9/30/2017	(1,722)	-	0.00%	38,605	1,191,935	3.234%
9/30/2018	(34,862)	-	0.00%	3,743	1,993,816	0.188%
9/30/2019	39,226	-	0.00%	42,969	2,051,994	2.094%
9/30/2020	6,612	-	0.00%	49,581	2,032,996	2.439%

III. Additional supplementary information

Valuation date	September 30, 2020
Alternate measurement method	Entry age normal
Amortization method	Level percentage of payroll
Asset valuation method	Unfunded
Discount rate utilized in the current valuation	3.00%
Projected salary increases	1.50%
Mortality basis	Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.

The accompanying "Notes to financial statements" form an integral part of this statement.

City of Macclenny
Governmental Funds
Schedules of Proportionate Share of Net Pension Liability
Last 10 Fiscal Years (1)

Florida Retirement System	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.48058540%	0.00514661%	0.00507342%	0.0049594%	0.0045360%	0.0038467%
Employer's proportionate share of the net pension liability (asset)	\$ 2,044,858	\$ 1,709,610	\$ 1,442,521	\$ 1,467,470	\$ 1,129,053	\$ 496,859
Employer's covered-employee payroll (2)	\$ 1,283,799	\$ 1,325,517	\$ 1,269,274	\$ 1,191,935	\$ 1,061,922	\$ 973,070
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	159.28%	128.98%	113.65%	123.12%	106.32%	51.06%
Plan fiduciary net position as a percentage of the total pension liability	51.31%	54.53%	56.45%	56.21%	56.86%	61.64%
Health Insurance Subsidy Program	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.36989310%	0.00396763%	0.0038861%	0.0037400%	0.0000374%	0.0032330%
Employer's proportionate share of the net pension liability (asset)	\$ 427,307	\$ 413,415	\$ 374,646	\$ 357,294	\$ 390,181	\$ 327,102
Employer's covered-employee payroll (2)	\$ 1,283,799	\$ 1,325,517	\$ 1,269,274	\$ 1,191,935	\$ 1,061,922	\$ 973,070
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.28%	31.19%	29.52%	29.98%	36.74%	33.62%
Plan fiduciary net position as a percentage of the total pension liability	1.95%	1.74%	1.45%	1.10%	0.65%	0.34%

Notes to schedules:

(1) The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

(2) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

The accompanying "Notes to financial statements" form an integral part of this statement.

City of Macclenny
Proprietary Fund
Schedules of Proportionate Share of Net Pension Liability
Last 10 Fiscal Years (1)

Florida Retirement System	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.002578822%	0.00265128%	0.00249885%	0.00233385%	0.00266400%	0.002459390%
Employer's proportionate share of the net pension liability (asset)	\$ 1,155,770	\$ 975,876	\$ 838,284	\$ 690,573	\$ 688,953	\$ 317,664
Employer's covered-employee payroll (2)	\$ 688,887	\$ 682,842	\$ 625,165	\$ 560,910	\$ 623,669	\$ 622,126
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	167.77%	142.91%	134.09%	142.18%	110.47%	51.06%
Plan fiduciary net position as a percentage of the total pension liability	27.54%	28.09%	27.81%	27.68%	28.02%	30.36%
Health Insurance Subsidy Program	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.001984847%	0.00204393%	0.0019140%	0.017600%	0.00203500%	0.002067000%
Employer's proportionate share of the net pension liability (asset)	\$ 266,674	\$ 259,219	\$ 239,248	\$ 230,702	\$ 246,178	\$ 209,131
Employer's covered-employee payroll (2)	\$ 688,887	\$ 682,842	\$ 625,165	\$ 560,910	\$ 623,669	\$ 622,126
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	38.71%	37.96%	38.27%	41.13%	39.47%	39.47%
Plan fiduciary net position as a percentage of the total pension liability	1.05%	0.89%	0.70%	0.54%	0.32%	0.16%

Notes to schedules:

(1) The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

(2) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

The accompanying "Notes to financial statements" form an integral part of this statement.

City of Macclenny
Schedules of Employer Contributions
Last 10 Fiscal Years

Florida Retirement System	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 252,491	\$ 245,444	\$ 225,183	\$ 186,727	\$ 191,263	\$ 153,011
Contributions in relation to the contractually required contribution	(252,491)	(245,444)	(225,183)	(186,727)	(191,263)	(153,011)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll (1)	\$ 1,984,922	\$ 2,008,359	\$ 1,894,438	\$ 1,752,845	\$ 1,685,591	\$ 1,595,196
Contributions as a percentage of covered-employee payroll	12.72%	12.22%	11.89%	10.65%	11.35%	9.59%
<hr/>						
Health Insurance Subsidy Program	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 32,956	\$ 33,465	\$ 32,273	\$ 28,491	\$ 29,527	\$ 21,568
Contributions in relation to the contractually required contribution	(32,956)	(33,465)	(32,273)	(28,491)	(29,527)	(21,568)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll (1)	\$ 1,984,922	\$ 2,008,359	\$ 1,894,438	\$ 1,752,845	\$ 1,685,591	\$ 1,595,196
Contributions as a percentage of covered-employee payroll	1.66%	1.67%	1.70%	1.63%	1.75%	1.35%

Notes to schedules:

(1) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

The accompanying "Notes to financial statements" form an integral part of this statement.

SUPPLEMENTARY INFORMATION

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

	TRANSPORTATION IMPACT FEE	COMMUNITY FACILITIES LOANS AND GRANTS, COMMUNICATION EQUIPMENT	TOTAL SPECIAL REVENUE FUNDS
<u>ASSETS</u>			
Cash	\$ 1,866	\$ -	\$ 1,866
Due from other agencies	-	85,800	85,800
TOTAL ASSETS	<u>\$ 1,866</u>	<u>\$ 85,800</u>	<u>\$ 1,866</u>
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	85,800	85,800
TOTAL LIABILITIES	<u>-</u>	<u>85,800</u>	<u>85,800</u>
<u>FUND BALANCES</u>			
Fund Balances:			
Committed to:			
Impact fees	<u>1,866</u>	<u>-</u>	<u>1,866</u>
TOTAL FUND BALANCES	<u>1,866</u>	<u>-</u>	<u>1,866</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,866</u>	<u>\$ 85,800</u>	<u>\$ 87,666</u>

The accompanying "Notes to financial statements" form an integral part of this statement.

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
SPECIAL REVENUE FUND
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

	TRANSPOR- TATION IMPACT FEE	COMMUNITY FACILITIES LOANS AND GRANTS, COMMUNICATION EQUIPMENT	TOTAL SPECIAL REVENUE FUNDS
<u>REVENUES</u>			
Grant revenue	\$ -	\$ 85,800	\$ 85,800
Private donations and contributions	-	-	-
TOTAL REVENUES	-	85,800	85,800
<u>EXPENDITURES</u>			
Capital outlay:			
General government	-		-
Public safety	-	85,800	85,800
Culture and recreation	-		-
Transportation	-	-	-
TOTAL EXPENDITURES	-	85,800	85,800
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES)			
Interest income	5	-	5
TOTAL OTHER FINANCING SOURCES (USES)	5	-	5
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	5	-	5
FUND BALANCES, October 1, 2019	1,861	-	1,861
FUND BALANCES, September 30, 2020	\$ 1,866	\$ -	\$ 1,866

The accompanying "Notes to financial statements" form an integral part of this statement.

COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE (ENTERPRISE FUND)
SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

	WATER AND SEWER UTILITY	RENTAL HOMES	COMBINED TOTAL
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>			
Current assets:			
Cash and equivalents	\$ 2,670,204	\$ 298,350	\$ 2,968,554
Accounts receivable (net)	260,603	1,600	262,203
Accrued interest receivable	2,186	-	2,186
Inventories	70,024	-	70,024
Total current assets	3,003,017	299,950	3,302,967
Noncurrent assets:			
Restricted assets:			
Cash	1,289,159	750	1,289,909
Total cash and investments, restricted	1,289,159	750	1,289,909
Capital assets:			
Non-depreciable capital assets:			
Land	475,923	35,746	511,669
Construction in progress	1,418,299	-	1,418,299
Total non-depreciable capital assets	1,894,222	35,746	1,929,968
Depreciable capital assets:			
Buildings, improvements and infrastructure	18,883,695	258,878	19,142,573
Machinery and equipment	3,053,723	-	3,053,723
Accumulated depreciation	(14,318,102)	(255,816)	(14,573,918)
Total depreciable assets net of accumulated depreciation	7,619,316	3,062	7,622,378
Total capital assets net of accumulated depreciation	9,513,538	38,808	9,552,346
Total noncurrent assets	10,802,697	39,558	10,842,255
Deferred outflows of resources:			
Net underwriter's discount	16,430	-	16,430
Deferred gain on early retirement	3,155	-	3,155
Change in pension assumptions	483,650	-	483,650
Total deferred outflow of resources	503,235	-	503,235
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	14,308,949	339,508	14,648,457
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>			
Current liabilities:			
Accounts payable	96,956	-	96,956
Accrued interest payable	61,843	-	61,843
Accrued payroll payable	16,033	-	16,033
Due to other funds	157,122	-	157,122
Notes payable	7,026	-	7,026
Bonds payable	207,000	-	207,000
Net pension liabilities	2,527	-	2,527
Accrued compensated absences	73,867	-	73,867
Total current liabilities	622,374	-	622,374
Noncurrent liabilities:			
Customer deposits	702,073	750	702,823
Notes payable	233,522	-	233,522
Bonds payable	2,015,000	-	2,015,000
Net pension liabilities	1,419,916	-	1,419,916
Accrued compensated absences	34,925	-	34,925
Accrued insurance supplement	900	-	900
Accrued OPEB obligation	17,790	-	17,790
Total noncurrent liabilities	4,424,126	750	4,424,876
Deferred inflows of resources:			
Change in pension assumptions	82,783	-	82,783
Deferred developer revenues	1,008,900	-	1,008,900
Total deferred inflows of resources	1,091,683	-	1,091,683
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	6,138,183	750	6,138,933
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	7,056,884	38,808	7,095,692
Restricted for water and sewer development	587,086	-	587,086
Unrestricted	526,796	299,950	826,746
TOTAL NET POSITION	\$ 8,170,766	\$ 338,758	\$ 8,509,524

The accompanying "Notes to financial statements" form an integral part of this statement.

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPE (ENTERPRISE FUND)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

	<u>WATER AND SEWER UTILITY</u>	<u>RENTAL HOMES</u>	<u>COMBINED TOTAL</u>
<u>OPERATING REVENUES</u>			
Charges for services	\$ 2,801,268	\$ 28,000	\$ 2,829,268
TOTAL OPERATING REVENUES	2,801,268	28,000	2,829,268
<u>OPERATING EXPENSES</u>			
Personal services	1,418,097	-	1,418,097
Materials, supplies and other expenses	696,237	15,442	711,679
Depreciation	725,305	350	725,655
Amortization expense	1,584	-	1,584
TOTAL OPERATING EXPENSES	2,841,223	15,792	2,857,015
OPERATING INCOME (LOSS)	(39,955)	12,208	(27,747)
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Utility tax	76,401	-	76,401
Grant revenue	1,574,176	-	1,574,176
Miscellaneous income	42,265	-	42,265
Interest income	30,771	-	30,771
Interest expense	(100,500)	-	(100,500)
TOTAL NONOPERATING REVENUES (EXPENSES)	1,623,113	-	1,623,113
Changes in net position	1,583,158	12,208	1,595,366
NET POSITION, October 1, 2019	6,587,608	326,550	6,914,158
NET POSITION, September 30, 2020	\$ 8,170,766	\$ 338,758	\$ 8,509,524

The accompanying "Notes to financial statements" form an integral part of this statement.

COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE (ENTERPRISE FUND)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	WATER AND SEWER UTILITY	RENTAL HOMES	COMBINED TOTAL
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash received from customers	\$ 2,941,245	\$ 29,936	\$ 2,971,181
Cash payments to suppliers for goods and services	(830,510)	(15,442)	(845,952)
Cash payments to employees for services	(1,202,715)	-	(1,202,715)
NET CASH PROVIDED BY OPERATING ACTIVITIES	908,020	14,494	922,514
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Acquisition of capital assets	(2,493,576)	-	(2,493,576)
Proceeds from capital grant	1,574,176	-	1,574,176
Interest paid on long term debt	(105,178)	-	(105,178)
Loan proceeds	99,612	-	99,612
Principle paid on notes payable	(2,788)	-	(2,788)
Principle paid on bonds payable	(196,000)	-	(196,000)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,123,754)	-	(1,123,754)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest income	30,010	-	30,010
NET CASH PROVIDED BY INVESTING ACTIVITIES	30,010	-	30,010
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(185,724)	14,494	(171,230)
CASH AND CASH EQUIVALENTS - October 1, 2019	4,145,088	284,605	4,429,693
CASH AND CASH EQUIVALENTS - September 30, 2020	\$ 3,959,363	\$ 299,100	\$ 4,258,463
CASH AND CASH EQUIVALENTS CLASSIFIED AS:			
Cash and cash equivalents - unrestricted	\$ 2,670,204	\$ 298,350	\$ 2,968,554
Cash and cash equivalents - restricted	1,289,159	750	1,289,909
TOTAL CASH AND CASH EQUIVALENTS CLASSIFIED	\$ 3,959,363	\$ 299,100	\$ 4,258,463
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (39,955)	\$ 12,208	\$ (27,747)
Utility tax and miscellaneous nonoperating revenue	118,666	-	118,666
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	725,305	350	725,655
Amortization	1,584	-	1,584
Change in assets and liabilities:			
Accounts receivable	17,842	1,936	19,778
Accounts payable	(153,859)	-	(153,859)
Accrued compensated absences	28,480	-	28,480
Net pension liability	176,636	-	176,636
Net OPEB obligation and insurance supplement	3,311	-	3,311
Accrued payroll	6,955	-	6,955
Customer deposits	3,469	-	3,469
Inventory	19,586	-	19,586
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 908,020	\$ 14,494	\$ 922,514

The accompanying "Notes to financial statements" form an integral part of this statement.

City of Macclenny
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2020

<i>Federal Grantor/Pass-Through Grantor/Grant Program</i>	<i>CFDA</i>	<i>Grant ID Number</i>	<i>Expenditures</i>
United States Environmental Protection Agency			
Passed through Florida Department of Environmental Protection			
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-12000118-0 WW020501	\$ 437,260
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-12000119-0 WW020502	<u>55,781</u>
Total United States Environmental Protection Agency			<u>493,041</u>
United States Department of Agriculture			
Community Facilities Loans and Grants	10.766		<u>85,800</u>
Total United States Department of Agriculture			<u>85,800</u>
United States Department of Homeland Security			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2016-FH-00231	<u>55,517</u>
Total United States Department of Homeland Security			<u>55,517</u>
United States Department of Housing and Urban Development			
Passed through Florida Department of Economic Opportunity			
Community Development Block Grants/State's program and Non-Entitlement Grants	14.228	18DB-OM-04-12-02-N03	<u>656,506</u>
Total United States Department of Housing and Urban Development			<u>656,506</u>
Total Expenditures of Federal Awards			<u>\$ 1,290,864</u>

The accompanying "Notes to financial statements" form an integral part of this statement.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
CITY OF MACCLENNY, FLORIDA

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Macclenny (the City) for the fiscal year ended September 30, 2020. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The schedule is presented using the modified accrual basis of accounting for grants which are accounted for in governmental funds and on the accrual basis of accounting for grants which are accounted for in the proprietary funds. Such expenditures are recognized following the costs principles in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. The information in this schedule is presented in accordance with the Uniform Guidance and Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the City's financial statements.

NOTE 3 –INDIRECT COST

Title 2, Section 200.414(f) of the Code of Federal Regulations (CFR) allows certain non-federal agencies that *never* received a negotiated federal indirect cost rate to instead use the 10% de minimis indirect cost rate to recover allowable indirect costs for federal grants and cooperative agreements. If the agency elects to use the 10% de minimis indirect cost rate, the agency must continue to use the 10% de minimis indirect cost rate for all federal awards until the agency negotiates a cost rate. The City has not elected to use the 10% de minimis indirect cost rate.

ADDITIONAL ELEMENTS REQUIRED
BY THE
RULES OF THE AUDITOR GENERAL

LYONS AND LYONS

CERTIFIED PUBLIC ACCOUNTANTS

106 West Boulevard
Macclenny, Florida 32063

Telephone (904) 259-4307
Fax (904) 259-5102

INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Mayor and
Members of the City Commission
City of Macclenny, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Macclenny, Florida (the City), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 25, 2021.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditors' Report, Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C, Section 315, regarding compliance requirements in accordance with chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 25, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1, Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings made in the preceding financial audit report. To comply with the Rules of the Auditor General, unresolved prior audit findings are once again addressed in the accompanying Schedule of Findings as item 2020-001.

Financial Condition

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial conditions, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same. The application of such procedures did not reveal evidence of "deteriorating financial condition."

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we noted item 2020-01 in the accompanying Schedule of Findings.

Additional Matters

Section 10.554(1)(i)3, Rules of the Auditor General, requires that we communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of This Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the City Commissioners and management, and is not intended to be and should not be used by anyone other than those specified parties.

We wish to take this opportunity to express our appreciation for the courtesies, which have once again, been extended to our staff. We have sincerely enjoyed our association with the City and look forward to a continuing relationship. If you have any questions or comments concerning this letter, our accompanying reports, or any other matters, please do not hesitate to contact us.

A handwritten signature in cursive script that reads "Lyons and Lyons, CPAs". The signature is written in black ink and is positioned above the date and location text.

June 25, 2021
Macclenny, Florida

LYONS AND LYONS

CERTIFIED PUBLIC ACCOUNTANTS

106 West Boulevard
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and
Members of the City Commission
City of Macclenny, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Macclenny, Florida (the "City"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 25, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2020-001.

City of Macclenny, Florida's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Lyons and Lyons, CPAs". The signature is written in a cursive, flowing style.

June 25, 2021
Macclenny, Florida

LYONS AND LYONS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and
Members of the City Commission
City of Macclenny, Florida

Report on Compliance for Each Major Federal Program

We have audited the City of Macclenny's (the City), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2020. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2020.

Report on Internal Control over Compliance

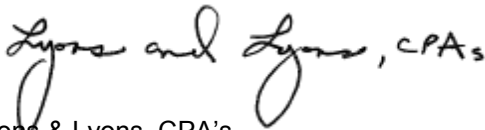
Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the

effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Lyons and Lyons, CPAs".

Lyons & Lyons, CPA's
Macclenny, FL
June 25, 2021

LYONS AND LYONS

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

To the Honorable Mayor and
Members of the City Commission
City of Macclenny, Florida

We have examined the City of Macclenny's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the fiscal year ended September 30, 2020. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2020.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.



June 25, 2021
Macclenny, Florida

CITY OF MACCLENNY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

PART 1 – SUMMARY OF AUDITOR’S RESULTS

- (i) The independent auditor’s report on the financial statements expressed an unmodified opinion on the financial statements.
- (ii) The audit disclosed deficiencies in internal control over financial reporting that was considered to be a material weakness.
- (iii) The audit did not disclose any noncompliance considered material to the financial statements.
- (iv) The audit did not disclose material weaknesses or report significant deficiencies for the major federal program.
- (v) The auditor’s report on compliance with requirements applicable to the major federal program expressed an unmodified opinion.
- (vi) The audit did not disclose findings relative to the major federal program.
- (vii) The Corporation’s major federal program was

<u>Federal Program</u>	<u>CFDA Number</u>
Community Development Block Grant	14.228
- (viii) A threshold of \$750,000 was used to distinguish between Type A and Type B programs for federal programs.
- (ix) The Corporation did not qualify as a low-risk auditee as that term is described in Uniform Guidance.

PART II – FINANCIAL STATEMENT FINDINGS

2020-001 **Condition** – Because of a limited number of personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or all phases of a transaction. Consequently, the possibility exist that unintentional or intentional errors or irregularities could exist and not be detected.

Recommendation – To the extent possible, given available personnel, steps should be taken to segregate employee duties so no one individual has access to both physical assets and the related accounting records, or all phases of a transaction. A similar finding was noted in our prior report. Our audit did not reveal any significant errors or irregularities resulting from this lack of separation of duties and responsibilities. However, we feel it is important you are made aware of this condition.

A similar findings was reported in previous audit reports as items 2019-001 and 2018-001.

PART III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

There were not findings relative to the major federal program.



118 East Macclenny Avenue
Macclenny, Florida 32063
Tel: 904.259.6261

June 25, 2021

Sherrill F. Norman, CPA
Auditor General
111 W Madison Avenue
Tallahassee, FL 32399-1450

Dear Madam:

In reply to the audit finding of the City of Macclenny's financial statements for the fiscal year ending September 30, 2020, please find below corrective action on the finding which will be implemented by appropriate staff and me:

Current Audit Finding 2020-001

Lack of segregation of incompatible employee duties.

Corrective Action Plan

We continue to recognize that this is an ongoing weakness common for small agencies. As stated in previous years, we will continue to monitor and implement additional controls to help avoid undetected errors and possible fraud. The responsible staff member for this corrective action plan is Melissa Thompson, Finance Director.

If you should have questions and need additional information, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Phil Rhoden".

Phil Rhoden
City Manager



September 21, 2021

118 East Macclenny Avenue
Macclenny, Florida 32063
Tel: 904.259.6261

Richard Voss
State of Florida Auditor General Office
111 W Madison Avenue
Tallahassee, FL 32399-1450

Dear Mr. Voss:

In reply to the letter dated August 17, 2021, regarding the desk review of the City of Macclenny's audit report for the fiscal year 2019-20, please see attached affidavit regarding impact fees.

The auditor delivered the audit report to our entity on June 25, 2021.

If you should have questions or need additional information, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Phil Rhoden".

Phil Rhoden
City Manager



118 East Macclenny Avenue
Macclenny, Florida 32063
Tel: 904.259.6261

BEFORE ME, the undersigned authority, personally appeared Phil Rhoden, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of the City of Macclenny which is a municipality of the State of Florida;
2. City of Macclenny adopted Ordinance No. **18-11** implementing Water and Sewer impact fees; and
3. City of Macclenny has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

Phil Rhoden, City Manager/City Clerk

STATE OF FLORIDA
COUNTY OF Baker

SWORN TO AND SUBSCRIBED before me this 21st day of September, 2021.

NOTARY PUBLIC

Print Name Melissa Thompson

Personally known or produced identification _____

Type of identification produced: _____

My Commission Expires:

